

PUBLIC DISCLOSURE

FEBRUARY 5, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

TELEPHONE WORKERS' CREDIT UNION

100 HIGH STREET

BOSTON, MA. 02110

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Telephone Workers' Credit Union (or the "Credit Union")** prepared by the Division, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "SATISFACTORY".

This is the Credit Union's first examination under the Intermediate Small Institution CRA Evaluation Procedures specified for institutions with assets under \$1 billion but over \$250 million, adjusted annually. A summary of the Credit Union's performance is provided below. The rating of this institution is based upon the results of a review under the Lending and the Community Development Tests, as shown in the public evaluation. Telephone Workers' Credit Union received a rating of "Satisfactory" under the Lending Test and "Satisfactory" under the Community Development Test.

Lending Test

The analysis includes residential mortgage data as reported by the Credit Union pursuant to HMDA for 2005 and 2006. Additionally, consumer lending for 2005 and 2006 was also reviewed.

Telephone Workers' Credit Union's responsiveness to community credit needs is reasonable given the institution's size and assessment area credit needs. The majority of the Credit Union's residential loans were originated inside the assessment area. The distribution of loans among borrowers of different income reflects good penetration. In addition, the Credit Union's record of helping to serve the credit needs of low and moderate-income geographies and borrowers of different income levels is reasonable. The Credit Union's use of innovative and flexible lending programs is good and is similar to programs offered by other institutions. The Credit Union has received no CRA related complaints.

Community Development Test

The Credit Union's community development performance demonstrates a good responsiveness to the community development needs of its assessment area through its community development investments and services.

PERFORMANCE CONTEXT

The Credit Union was evaluated under the Intermediate Small Institution procedures for CRA purposes. The loan data considered for this evaluation consisted of residential mortgages as reported under the Home Mortgage Disclosure Act ("HMDA") for 2005 and 2006. Consumer loan data was also reviewed for 2005 and 2006. Aggregate loan data for 2005 was also included.

Description of Institution

Telephone Workers' Credit Union is a state-chartered institution headquartered in Boston, Massachusetts. The Credit Union was originally established in March, 1917 to serve the employees of New England Telephone. The Credit Union's by-laws limit membership to individuals who live, work, or go to school in the selected 74 towns and cities within the Greater Boston Area. As of December 31, 2006, the Credit Union's membership totaled approximately 27,000 individuals.

The Credit Union's main office is located in the financial district at 100 High Street in Boston, Massachusetts. This office is located in a low-income census tract. The Credit Union has two other full service branch locations at 250 Granite Street, Braintree, an upper-income census tract, and 99E Main Street in Stoneham, Massachusetts, a middle-income census tract. ATMs are maintained at branch office locations and are linked to the NYCE® and CIRRUS® networks. Hours of operation are comparable to other institutions of similar size and operating capacity.

The Credit Union offers 24-hour online services, which allows members to check balances, review account history, view copies of cleared checks, transfer funds between accounts. Along with the Credit Union's online services, it offers a bill paying service which allows members a more convenient way to pay bills. In addition to the online services, the Credit Union's homepage (TWCU.org) also allows members and non-members to fill out Credit Union applications for consumer loans, Visa Cards, and Credit Union membership.

Telephone Workers' Credit Union faces competition for members and loans from several banks, mortgage companies, and credit unions that operate within the Boston-Cambridge-Quincy Metropolitan Statistical Area ("MSA").

As of December 31, 2006, the Credit Union's assets totaled \$516,537,639. Total loans, as of this date were \$255,102,253 or 49.4 percent of total assets. The Credit Union is primarily a real estate lender with 72.1 percent of its loan portfolio consisting of residential real estate loans, followed by unsecured loans/lines of credit loans with 9.6 percent, and unsecured credit card loans with 9.1 percent. The remaining categories are all less than 6 percent each.

PERFORMANCE CONTEXT (CONTINUED)

Loan Distribution as of December 31, 2006		
Loan Type	Dollar Amount \$(000)	Percent (%)
Secured by:		
Unsecured Credit Card Loans	\$ 23,088,453	9.1
All Other Unsecured Loans/Lines of Credit	\$ 24,521,378	9.6
New Vehicle Loans	\$ 14,233,599	5.6
Used Vehicle Loans	\$ 8,198,554	3.2
1 st Mortgage Real Estate Loan/Lines of Credit	\$ 142,086,488	55.7
Other Real Estate Loans/Lines of Credit	\$ 41,858,569	16.4
All other Loans/Lines of Credit	\$ 1,115,212	0.4
Total	\$ 255,102,253	100.0

Source: Report of Condition

The Credit Union's Call Report Data was utilized to determine the average loan-to-asset ratio for the last eight quarterly time periods, beginning March 31, 2005 and ending December 31, 2006. The data indicated that the net loan-to-asset ratio for this period averaged 46.6 percent. The net loan-to-asset ratios increased from a low of 44.5 percent on March 31, 2005, to 49.9 percent as of December 31, 2006. Total assets have decreased 7.7 percent from March 2005 to December 31, 2006.

Telephone Workers' Credit Union's net loan-to-asset ratio as of September 30, 2006 is indicated below and compared to three other lenders that operate in the Credit Union's assessment area.

Net Loan to Asset Ratio			
Credit Union	Net Loans	Assets	Net Loans To Assets Ratio
City of Boston	\$131,340,107	\$209,372,655	62.7%
Members Plus	\$136,181,515	\$199,299,094	68.3%
MBTA	\$140,817,632	\$177,825,154	79.2%
Telephone Workers	\$251,407,387	\$519,803,821	48.2%

Source: Call Report Data as of September 30, 2006

The Division last examined the Credit Union for compliance with the CRA on December 8, 2003. That examination resulted in an overall rating of "Satisfactory".

There are no apparent financial or legal impediments that would limit the Credit Union's ability to help meet credit needs of its members. Based upon the Telephone Workers' Credit Union's financial condition, size, product offerings, and branch network, the Credit Union's ability to meet members' credit needs remains strong.

PERFORMANCE CONTEXT (CONTINUED)

Description of Assessment Area

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Division evaluates the institution's CRA Performance based upon the defined assessment area.

As of December 2005, Telephone Workers Credit Union defined its membership as its assessment area, which included and is limited to the following: "Those employed by the Bell System's Successor, spin-off or other legal identity stemming from the AT&T Divestiture, employees of the Credit Union, Employees of the Local Unions that represent the above mentioned entities, employees of companies whose primary business is within the communications industry, and future or retired employees of the above, and families of members of the Credit Union, i.e. husband, wife, father, mother, son, daughter, brother, sister, grandchild and dependents of the above..."

In December 2005, the Credit Union under its new charter allows membership to anyone who lives, works, or goes to school in any of the following towns: Abington, Arlington, Avon, Bellingham, Belmont, Boston, Braintree, Bridgewater, Brockton, Brookline, Burlington, Cambridge, Canton, Carver, Chelsea, Cohasset, Dedham, Dover, Duxbury, East Bridgewater, Everett, Foxboro, Franklin, Halifax, Hanover, Hanson, Hingham, Holbrook, Hull, Kingston, Lexington, Malden, Marshfield, Medfield, Medford, Medway, Melrose, Millis, Milton, Needham, Newton, Norfolk, North Reading, Norwell, Norwood, Pembroke, Plainville, Plymouth, Plympton, Quincy, Randolph, Reading, Revere, Rockland, Scituate, Sharon, Somerville, Stoneham, Stoughton, Wakefield, Walpole, Waltham, Watertown, Wellesley, West Bridgewater, Weston, Westwood, Weymouth, Whitman, Wilmington, Winchester, Winthrop, Woburn, and Wrentham. These towns have become the Credit Union's new assessment area and the Credit Union has officially become a community credit union.

The assessment area is comprised of 543 census tracts, of which 42 or 7.7 percent are designated as low income; 135, or 24.9 percent, as moderate-income; 224, or 41.3 percent as middle income; 140 or 25.8 and 2 or 0.3 percent have no income designation.

Based on 2000 U.S. Census data, the total population of the assessment area is 2,555,997 individuals. Of the total population within the assessment area, 5.4 percent reside in low-income tracts, 24.8 percent of the population resides in moderate-income tracts, 42.2 percent reside in middle-income census tracts, 27.5 percent reside in upper-income tracts, and 0.1 percent is in the N/A designation tracts.

There are 605,236 family households within the Credit Union's assessment area. The HUD adjusted Median Family Income ("MFI") for the Boston-Cambridge-Quincy MSA for 2005 was \$82,250. Using data collected during the 2000 Census, the breakout of families by income level is as follows: 21.3 percent are low-income, 17.5 percent are moderate-income, 21.7 percent are middle-income, and 39.5 percent are upper-income. Approximately, 6.5 percent of the families are below the poverty level.

PERFORMANCE CONTEXT (CONTINUED)

Housing units within the assessment area total 1,030,354, of which 553,533 or 53.7 percent are owner-occupied, 438,537 or 42.6 percent are rental units, and 38,284 or 3.7 percent are vacant. Of the owner-occupied units within the assessment area, 1.5 percent is located in low-income census tracts, 15.1 percent are in moderate-income census tracts, 48.1 percent are in middle-income tracts, and 35.3 are in upper-income tracts. Approximately, 73.4 percent of the total housing units are 1-4 family dwellings, while 26.1 percent are multi-family structures and 0.5 percent is considered to be mobile homes.

The following table provides demographic and economic information pertaining to the Credit Union's assessment area.

<i>Selected Housing Characteristics by Income Category of the Geography</i>							
<i>Geographic Income Category</i>	<i>Percentage</i>						<i>Median Home Value</i>
	<i>Census Tracts</i>	<i>House- holds</i>	<i>Housing Units</i>	<i>Owner- Occupied</i>	<i>Rental Units</i>	<i>Vacant Units</i>	
Low	7.7	4.9	5.1	1.5	9.3	8.4	176,605
Moderate	24.9	25.0	25.0	15.1	37.4	24.4	184,102
Middle	41.3	43.2	43.1	48.1	37.0	41.8	203,874
Upper	25.8	26.9	26.8	35.3	16.3	25.4	345,098
NA	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Total of Median	100.0	100.0	100.0	100.0	100.0	100.0	257,384

Source: 2000 U.S. Census

According to the 2000 Census, the median housing value in the assessment area is \$257,384. The Warren Group, by individual municipality, shows that median prices for all single-family homes sold in 2006 ranged from a low of \$269,900 in Brockton to a high of \$1,200,000 in Weston.

The Credit Union's assessment area is located in Eastern Massachusetts which covers the Greater Boston Area and selected towns in Middlesex, Norfolk, Plymouth, and Suffolk Counties. Accessibility to major highways includes Interstate 90, Interstate 93, Interstate 95, Interstate 495, Route 3, Route 20, and Route 1.

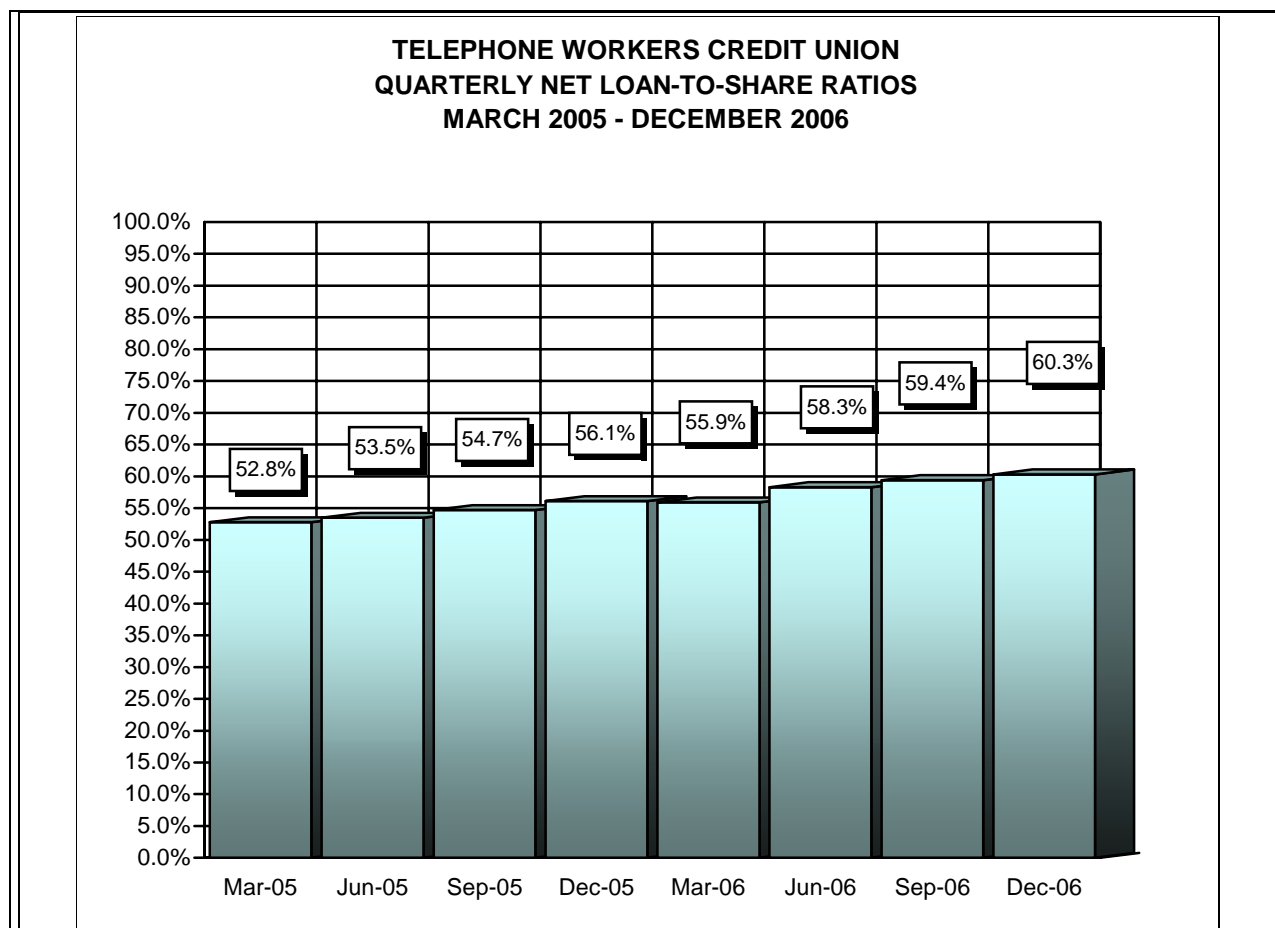
CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Lending Test

1. LOAN TO SHARE ANALYSIS

This performance criterion determines what percentage of the Credit Union's deposit base is reinvested in the form of loans. The appropriateness of the Credit Union's loan to share ratio ("LTS") was evaluated. The Credit Union's average net LTS ratio for this time period was 56.3 percent. A comparative analysis of Telephone Workers' Credit Union's quarterly net loan-to-share ratios for the period of March 31, 2005 through December 31, 2006, was conducted during this examination. These ratios are based on total loans net of unearned income and net of the allowance for loan and lease losses (ALLL) as a percentage of total deposits.

The Credit Union's net loans to total shares as reported to the National Credit Union Administration ("NCUA") were reviewed. The net LTS ratio has shown an increasing trend during the time period reviewed. The ratio increased slightly each quarter from 52.8 percent on March 31, 2005 to 60.3 percent as of December 31, 2006. Overall, during this time period, net loans increased 1.5 percent, from approximately \$249 million to \$253 million, while total shares decreased 11.0 percent from \$471 million to \$420 million. The following graph depicts the net loan-to-share ratios for each quarter under review.



CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

It is important to note that the Credit Union also experienced a decrease in assets each quarter under review. From March 31, 2005 to December 31, 2006, the Credit Union's assets have declined by approximately \$43 million or 7.7 percent.

The Credit Union sells loans in the secondary market which enables the Credit Union to recycle funds and extend additional credit to its members. During 2005 and 2006, the Credit Union sold 85 residential loans totaling \$17,171,431 to Freddie Mac.

Based on the foregoing information, the Credit Union's asset size and resources, and the credit needs of its members, the Credit Union's net loan-to-share ratio is considered reasonable.

2. Lending in the Assessment Area

This performance criterion measures the percentage of the Credit Union's lending that benefits the assessment area's residents and evaluates the adequacy of such lending.

Data regarding the Credit Union's HMDA mortgage lending activity for 2005 and 2006 was reviewed to determine the proportion of loans extended within the assessment area by number of originations and dollar amount.

The data revealed that the Credit Union originated 452 HMDA reportable loans during this period totaling \$77,280,000. Of this number, 350 loans or 77.4 percent were originated within the Credit Union's assessment area. Of the total dollar volume, \$60,369,000 or 78.1 percent was originated within the Credit Union's assessment area. The following table for the distribution of the Credit Union's lending inside and outside of its assessment area.

Distribution of HMDA Loans Inside and Outside the Assessment Area										
Year	Number of Loans					Dollars				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2005	195	77.7	56	22.3	251	34,404	77.9	9,758	22.1	44,162
2006	155	77.1	46	22.9	201	25,965	78.4	7,153	21.6	33,118
Total	350	77.4	102	22.6	452	60,369	78.1	16,911	21.9	77,280

Source: HMDA LAR

An additional analysis of consumer lending was conducted utilizing internally generated reports compiled by the Credit Union. This review consisted of all the consumer loan originations for 2005 and 2006. This review indicated that the Credit Union originated 4,079 consumer loans totaling \$45,719,267. Of the 4,079 loans, 3,090 or 75.8 percent of the number of loans originated were within the Credit Union's assessment area and \$34,103,324 or 74.6 percent of the dollar amount extended was also within the assessment area. Refer to the following table for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Distribution of Consumer Loans Inside and Outside the Assessment Area										
Year	Number of Loans					Dollars				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2005	1,525	74.8	513	25.2	2,038	15,794,284	72.6	5,948,231	27.4	21,742,515
2006	1,565	76.7	476	23.3	2,041	18,309,040	76.4	5,667,712	23.6	23,976,752
Total	3,090	75.8	989	24.2	4,079	34,103,324	74.6	11,615,943	25.4	45,719,267

Source: Internal Generated Report by Credit Union

Based on the above analysis, the Credit Union's loan distribution shows that the majority of loans originated by number and dollar amount for both residential and consumer lending are within the assessment area. The Credit Union's level of lending within its assessment area demonstrates a good level of lending within the assessment area.

3. Distribution of Credit Among Borrowers of Different Income Levels

The distribution of loans by borrower income was reviewed to determine the extent to which the Credit Union is addressing the credit needs of the area's residents. Based on the review of the HMDA Loan Application Registers (LAR) and the Consumer Loan data, the Credit Union has achieved reasonable penetration among individuals of different income levels, including low and moderate-income individuals.

Residential Lending

The Credit Union's HMDA reportable loans were further analyzed to determine the distribution of lending by borrower income level. The borrowers' reported incomes for 2005 and 2006 were compared to the median family incomes for the Boston-Cambridge-Quincy MSA. The income figures are based on estimated HUD information.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

The following table shows, by number, HMDA reportable loans to low, moderate, middle and upper-income borrowers in comparison to the percentage of total households within the assessment area in each respective income group.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

Distribution of HMDA Loans by Borrower Income									
Median Family Income Level	% Families ¹	Aggregate Lending Data (% of #) 2005		2005		2006		Total	
		#	%	#	%	#	%	#	%
Low	21.3	6,398	3.7	17	8.7	9	5.8	26	7.4
Moderate	17.5	26,701	15.4	50	25.6	43	27.7	93	26.6
Middle	21.7	44,858	25.9	75	38.5	48	31.0	123	35.1
Upper	39.5	66,763	38.6	53	27.2	55	35.5	108	30.9
NA	0.0	28,446	16.4	0	0.0	0	0.0	0	0.0
Total	100.0	173,166	100.0	195	100.0	155	100.0	350	100.0

Source: 12000 U.S. Census, CRA WIZ HMDA Aggregate Data

During this time period, the Credit Union extended 26 HMDA reportable loans to low-income borrowers representing 7.4 percent of total originations within the assessment area. Although this percentage is below that of total low-income family households within the assessment area at 21.3 percent, there are mitigating factors including the high cost of housing in the area and the difficulty of low-income borrowers to purchase a home. However, the Credit Union originated 8.7 percent of its 2005 HMDA reportable loans to low-income borrowers, compared to the aggregate at 3.7 percent.

Lending to moderate-income borrowers was favorable as the percentage of loans to moderate-income borrowers exceeded the percentage of moderate-income family households in the assessment area. The Credit Union extended 93 loans to moderate-income borrowers representing 26.6 percent of its HMDA reportable originations inside the assessment area. The percentage of loans to moderate-income borrowers is higher than the 17.5 percent of moderate-income family households within the assessment area. Additionally, the Credit Union originated 25.6 percent of residential loans to moderate-income borrowers, compared to the aggregate at 15.4 percent for 2005. Based upon the analysis of borrower income, the overall distribution of residential loans indicates an acceptable penetration among borrowers of different income levels.

Consumer Lending

An additional analysis of consumer lending by income of the borrower was also conducted. This analysis indicated that of the 3,090 consumer loan originations, 699 or 22.6 percent were to low-income borrowers, while 1,153 or 37.3 percent were granted to moderate-income borrowers. As with the HMDA loan analysis the consumer loan distribution was based on HUD's estimated median family income for the year in which the loan was originated. Median family income is not the most accurate measure, since individuals frequently apply for consumer loans. If an individual applies for the loan, financial institutions use the individual's income to make the credit decision, rather than the total family income. Therefore, comparing the borrower income level to the median family income potentially inflates the levels of lending to low and moderate-income borrowers.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

The overall distribution of residential and consumer loans to borrowers of different incomes reflects adequate penetration among all income levels.

4. Geographic Distribution

The geographic distribution of loans was reviewed to assess how well the Credit Union is addressing the credit needs throughout the assessment area. Based on the review of the 2005 and 2006 HMDA LAR, the geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. As stated in the Performance Context, the Credit Union's assessment area contains 42 low-income census tracts, 135 moderate-income census tracts, 224 middle-income census tracts, 140 upper-income census tracts and 2 no income designation census tract.

Residential Lending

The Credit Union's lending activity within the assessment area was reviewed in order to determine the distribution of lending among the various census tracts.

The following table provides a breakdown by number of the Credit Union's HMDA loans within its assessment area according to the census tract income level. The table also shows the loans in comparison to the number of owner-occupied housing units in each of the census tract income categories as well as the aggregate lending for 2005. Refer to the following table.

Distribution of HMDA Loans by Income Category of the Census Tract								
Census Tract Income Level	% Total Owner-occupied Housing Units ¹	Aggregate Lending Data (% of #)	2005		2006		Total	
		2005	#	%	#	%	#	%
Low	1.5	3.1	4	2.0	1	0.6	5	1.4
Moderate	15.1	21.5	20	10.3	24	15.5	44	12.6
Middle	48.1	47.8	117	60.0	93	60.0	210	60.0
Upper	35.3	27.6	54	27.7	37	23.9	91	26.0
Total	100.0	100.0	195	100.0	155	100.0	350	100.0

Source: ¹2000 U.S. Census, HMDA LAR HMDA Aggregate Data.

In 2005 and 2006, the Credit Union extended 5 loans in low-income census tracts representing 1.4 percent of total loans within the assessment area, which is equivalent to the percentage of owner-occupied housing units in low-income census tracts. Additionally, the Credit Union extended 44 or 12.6 percent of its HMDA reportable loans in the moderate-income census tracts in the assessment area compared to the percentage of total owner-occupied housing units at 15.1 percent. Further analysis indicated the Credit Union is well below the aggregate within both low and moderate-income census tracts during 2005.

Overall, the geographic distribution of residential loans reflects adequate dispersion throughout the assessment area,

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

5. Review of Complaints and Fair Lending Policies and Practices

Based upon the review of the Credit Union's public comment file and its performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified.

The Credit Union's Anti-Predatory Lending Policy was reviewed to determine how this information relates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy. The Credit Union's Anti-Predatory Lending Policy addresses specific areas relating to internal and external employee training. The Credit Union has a written policy with guidelines established for staff training. The policy also addresses the second review of all loan application denials. This is done to determine if there is some way that the loan could have been made and that individuals are being treated fairly and consistently. The Credit Union's policy also states that its Audit Committee conducts annual reviews of Compliance and CRA. The Credit Union has CRA and Compliance committees that monitor the Equal Credit Opportunity Act performance through the regular compliance review process.

A thorough review of the public comment file revealed that the Credit union received no complaints pertaining to the institution's CRA performance since the previous examination.

The Credit Union placed responsibility for reviewing and responding to complaints with the Senior Officers of their respective departments. The Officers will forward any complaints of an Equal Credit Opportunity Act ("ECOA") nature to the CRA and Compliance Committees. The CRA committee will regularly review complaints received by the institution for any indication of problems that could lead to examiner criticism or civil liability of their ECOA performance. The CRA and Compliance Committees will recommend to management any actions required to address any significant complaints.

Telephone Workers' Credit Union continues to offer a variety of innovative and flexible loan programs aimed at meeting the credit needs of low and moderate-income homebuyers. These programs are detailed below.

Home Loan Payment Relief (HLPR) – The Credit Union offers the HLPR loan which is fixed for three years at one percent below the national average, adjusts every year with caps at one percent per review and five percent lifetime. During 2006, the Credit Union originated 10 HLPR loans totaling \$2,357,280.

First Time Homebuyer Loan – The Credit Union offers this first time home buyer loan with as little as three percent down, loan term of 40 years, and waived closing costs. The Credit Union originated 17 loans through this program totaling \$4,129,975 during 2005 and 2006.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

MINORITY APPLICATION FLOW

A review of residential loan applications was conducted in order to determine the number of HMDA-reportable credit applications the Credit Union received from minority applicants. In 2005 and 2006, the Credit Union received 385 residential loan applications from within its assessment area. During this period, 47 applications, or 12.2 percent were received from minorities and 2 or 0.5 percent of applicants are from Hispanic or Latino ethnic background. Of the 47 minority applications, 30 were originated and 8 were denied.

Minority Application Flow*								
Race	2005 Aggregate Data		Credit Union 2005		Credit Union 2006		Credit Union Total	
	#	%	#	%	#	%	#	%
<i>American Indian/Alaska Native</i>	853	0.3	0	0.0	0	0.0	0	0.0
<i>Asian</i>	8,816	3.3	0	0.0	0	0.0	0	0.0
<i>Black or African American</i>	22,785	8.5	21	9.9	24	13.8	45	11.8
<i>Hawaiian/Pacific Islander</i>	697	0.3	0	0.0	1	0.6	1	0.2
<i>2 or More Minority Races</i>	161	0.1	0	0.0	0	0.0	0	0.0
<i>Joint Race (White/Minority)</i>	2,209	0.8	0	0.0	1	0.6	1	0.2
Total Minority	35,521	13.3	21	9.9	26	15.0	47	12.2
<i>White</i>	165,018	61.3	191	90.1	147	85.0	338	87.8
<i>Race Not Available</i>	68,531	25.4	0	0.0	0	0.0	0	0.0
Total	269,070	100.0	212	100.0	173	100.0	385	100.0
Ethnicity								
<i>Hispanic or Latino</i>	14,737	5.5	1	0.5	1	0.6	2	0.5
<i>Joint Hispanic/Not Hispanic</i>	1,668	0.6	0	0.0	1	0.6	1	0.2
<i>Not Hispanic or Latino</i>	182,740	67.9	211	99.5	171	98.8	382	99.3
<i>Ethnicity Not Available</i>	69,925	26.0	0	0.0	0	0.0	0	0.0

*Source: PCI Services, Inc., CRA Wiz Software/HMDA LAR Data

The Credit Union's minority application flow for this period was compared with the racial and ethnic composition of the assessment area and the 2005 aggregate data for all other HMDA reporters within the assessment area. The comparison of these data assists in deriving reasonable expectations for the rate of applications the Credit Union received from minority residential loan applicants.

According to 2000 Census Data, the Credit Union's assessment area contained a total population of 2,555,997 individuals, 23.8 percent of which is representative of various racial and ethnic minorities. The comparison between the 2005 aggregate data and the Credit Union data indicates that total applications received from racial and ethnic minority applicants, is 13.3 percent compared to 9.9 percent for the Credit Union. The number of minority applications increased slightly from 21 in 2005 to 26 in 2006.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (CONTINUED)

COMMUNITY DEVELOPMENT TEST

Telephone Workers' Credit Union's community development performance demonstrates adequate responsiveness to the community development needs of its assessment area. The Credit Union has met these community development needs through the provision of qualified grants and donations, and community development services.

Qualified Investments

A qualified investment for the purposes of this CRA evaluation is a lawful investment, deposit, membership share, or grant that has community development as its primary purpose.

Contributions were granted to several charitable organizations that qualify as community development which include the following: Home for Little Wanderers, New England Shelter for Homeless Veterans, Project Bread – Walk for Hunger, Quincy Crisis Center, and Consumer Credit Counseling Services. The Credit Union has granted qualified CRA contributions of approximately \$70,000 in 2005 and 2006.

Additionally, the Credit Union provides coin sorting service for members. This coin counting service charges members a five percent service fee, however, the Credit Union donates this fee to Boston Children's Hospital. During 2005 and 2006, the Credit Union donated \$21,755 to this organization through this program.

Community Development Services

A Community Development Service has community development as its primary purpose and is generally related to the provision of financial services or technical services or assistance.

Telephone Workers' Credit Union has conducted and participated in seminars designed to educate members about banking and products available to meet their specific needs. These seminars provide opportunities for Credit Union staff to inform those in attendance about the products and services that are offered by the Credit Union and to gain information about member credit needs. During 2005 and 2006, the Credit Union held two home buying seminars, two seminars geared toward retirees, and two financial education seminars designed to assist members.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 100 High Street in Boston, Massachusetts.

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.